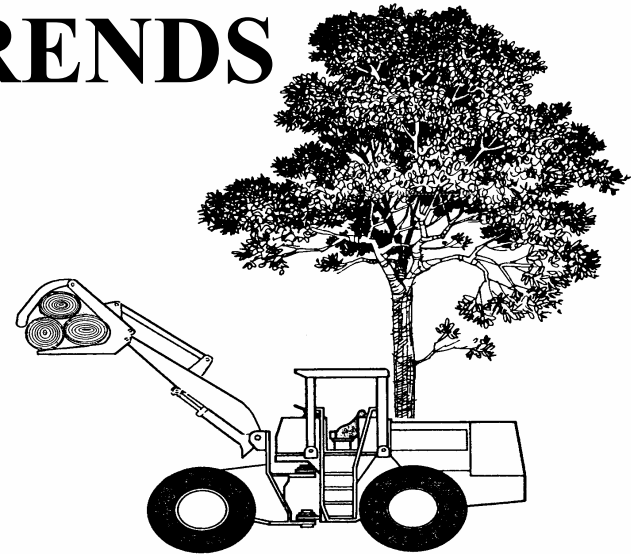


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MISSOURI TIMBER PRICE TRENDS



**Quarterly Market Report
July-September, 2003
Vol. 13 No. 3**

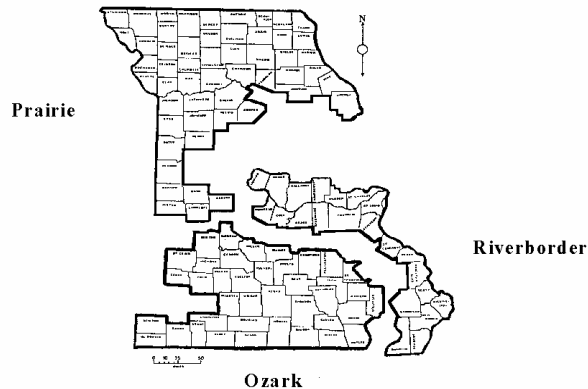
**Missouri Department of Conservation
Forestry Division**

Number of Timber Sales Reported

Foresters reported stumpage prices resulting from 26 timber sales containing 6 million board feet located throughout the state.

Remember that one of the most valuable sources for information on log and timber markets is the local Missouri Department of Conservation, Resource Forester. Contact the nearest Forestry District office for up-to-date, local advice. The Missouri Department of Conservation's Forestry Division, (573) 751-4115, will be happy to provide you with the name and address of the Resource Forester or MDC Region Office nearest to you.

Price Reporting Regions



Missouri Timber Price Trends tracks market prices for Stumpage. Reports on the Stumpage Market are received from Missouri Department of Conservation Resource Foresters and private consulting foresters. Stumpage refers to timber sold on the stump and does not reflect delivered mill prices. Landowners should not use this report to replace a timber inventory and marketing assistance as methods of conducting a sale. Missouri Department of Conservation Resource Foresters or Consulting Foresters will be able to provide information on current, local market conditions. Details of all private sales are kept confidential.

Tree Scale Conversion Factors

Sawlogs - Veneer Logs	Int'l = Doyle x 1.2
Pulpwood Pine	5,200 lbs/cord
Hardwood (hard)	5,600 lbs/cord
Hardwood (soft)	4,200 lbs/cord

exceptionally clear, there is a cedar veneer market currently paying \$550/ MBF. Shaving bolts, which are smaller (3" minimum diameter, 48" length) generally bring \$80-\$90/ cord, delivered.

The prices listed above are for logs and bolts delivered to a processing plant. "Why," you might ask, "didn't you include stumpage prices since that is what important to most landowners?" The answer is because stumpage prices are quite variable, prices are rarely reported and because most landowners sell it far too cheaply. Landowners justify low stumpage prices for several reasons: (1) no one will pay anything for it, (2) need to get it cleared out anyway, and (3) the cutters are really doing me a favor and they have to make a few bucks on it. I even hear of a significant number of cases where the trees are given away in trade for the clearing process. Hopefully, delivered prices listed above will convince you that you should hold out for a fair stumpage price for any cedar you sell.

What is a fair stumpage price? The majority of cedar timber sales are contracted on a "percentage" basis. The landowner receives a specified percentage of the delivered price of the logs/bolts. It is not uncommon for this percentage to be as low as 10-15%. That means logs that bring \$300./MBF at the mill, the landowner would receive \$30-\$45 and the logger would get \$255-\$270. Does that really sound equitable? I don't believe it is! For comparison, it is a common practice when selling low grade hardwood logs on a percentage basis for the landowner to receive at least one-third (33%) of the delivered price. Grade logs and stave logs are more valuable, so the landowner's percentage for those products is usually increased to 50-60% of the delivered price. Veneer logs are generally not sold on a percentage basis and I would certainly not recommend it. To make a point, surely good cedar sawlogs should rate at least as good a deal as low-grade pallet logs! That means landowners should receive at least 33% of the delivered price for any cedar logs they sell on a percentage basis. Cedar lumber is valuable and the landowners who grow cedar trees should have an equitable price for their standing timber. If you have cedar timber that you think is ready to market, seek the assistance of a forester for your sale and you will probably be surprised at its worth.

If you would like a copy of the Cedar Scale, showing the board foot volume for logs of specific diameters and widths, Contact Holly; Mo. Dept. of Conservation; PO Box 180; Jefferson City, MO 65102. 573-522-4115, Ext. 3308 or E-mail: holly.foster@mdc.state.gov Many cedar sawmills also distribute price lists showing the delivered prices for logs of specific diameters and lengths. Ask the mills in your area if they have cedar log price list.

Shelby Jones, Editor

Statewide Stumpage Prices

July-September, 2003

	High Price	Low Price	Avg. Price	Last Quarter	Last Year	Volume	# of Reports
Veneer							
Black Walnut	\$2,500	\$835	\$1,665	\$1,145	\$1,250	11 Int. - MBF	4
Red Oak (Group)	\$1,000	\$1,000	\$1,000	\$230	-	4 Int. - MBF	1
White Oak (Group)	\$1,250	\$1,250	\$1,250	\$835	-	38 Int. - MBF	1
Sawlogs							
Ash	\$100	\$100	\$100	-	\$50	- Int. - MBF	1
Black Walnut	\$460	\$105	\$395	\$370	\$420	34 Int. - MBF	5
Cherry	\$100	\$100	\$100	-	\$165	- Int. - MBF	1
Cottonwood	\$50	\$50	\$50	\$45	\$55	89 Int. - MBF	1
Eastern Red Cedar	\$115	\$115	\$115	-	-	1 Int. - MBF	2
Gum	\$230	\$55	\$180	-	\$75	2 Int. - MBF	4
Hard Maple	\$215	\$100	\$140	-	-	7 Int. - MBF	3
Hickory	\$230	\$55	\$140	\$85	\$90	133 Int. - MBF	12
Mixed Hardwoods	\$265	\$10	\$155	\$115	\$115	1,247 Int. - MBF	13
Oak (mixed species)	\$310	\$65	\$200	\$160	\$110	99 Int. - MBF	3
Pecan	\$110	\$110	\$110	-	-	5 Int. - MBF	1
Post Oak	\$230	\$100	\$150	\$105	\$100	87 Int. - MBF	10
Red oak (group)	\$270	\$60	\$205	\$175	\$185	4,026 Int. - MBF	23
S Yellow Pine	\$15	\$15	\$15	-	-	78 Tons	1
S Yellow Pine	\$230	\$100	\$120	\$115	\$130	139 Int. - MBF	11
Soft Maple	\$200	\$200	\$200	\$125	\$125	121 Int. - MBF	1
White oak (group)	\$230	\$85	\$145	\$155	\$155	434 Int. - MBF	17

(Continued from Page 3)				
Fence				
S Yellow Pine	\$1	30¢	36¢	- - 7,833 Each 3
Firewood				
Mixed Hardwoods	\$10	\$10	\$10	14 Cords 1
Pulpwood				
Mixed Hardwoods	\$1	\$1	\$1	1,144 Tons 1
Mixed Hardwoods	\$5	\$3	\$4	\$20 - 221 Cords 3
Stave				
White Oak (Group)	\$300	\$240	\$250	\$220 141 Int. - MBF 3
Analysis & Commentary-Statewide				
Veneer Logs				
A few veneer log sales were reported near the end of the quarter indicating buyers were active going into the Fall season. Prices appear in line with those of one year ago. <i>Please remember that this price report converts all volumes to International 1/4" Scale.</i> Since the vast majority of veneer logs are purchased on the basis of Doyle Log Scale, these prices may seem different from those you may have encountered in your local area. It is advisable to always ask potential timber buyers what log scale their prices are based upon.				
Sawlogs				
If you refer to the "# of Reports" column of the tables, it will give you a better perspective of the reliability of the stumpage prices listed. For this quarter, Ash, Cherry, Cottonwood, Eastern Redcedar, Pecan, Southern Yellow Pine, and Soft Maple prices were submitted for only one or two timber sales. That is not enough samples to draw general conclusions about price levels throughout the state. It is recommended that you consider the reported prices only in the most general way. Of course, the same is true for the Unit Report Tables.				
Lowest levels of timber sale activity occur every year during the "summer" quarter. 2003 is no exception, with only 26 timber sales being reported by professional foresters. Timber sale activity will probably increase during the next two quarters.				
Red oak continues to lead all species in popularity and stumpage prices remain strong for nearly all grades of sawlogs. Hickory is also showing signs of strong demand, especially for good quality "grade" logs. (Hickory is currently enjoying popularity in cabinetry). White oak prices are somewhat soft even for Stave quality logs. Stumpage prices for Shortleaf Pine continue to be soft, with very limited markets over an extensive area of southern Missouri. Salvage logs have substantially filled the limited Missouri markets for pine for the past year. Pallet grade log prices have not improved significantly in the past several quarters. Logs salvaged from tornado and storm damaged timber may be contributing to the market softness as much as the general business climate. Large quantities of low grade or damaged logs are still entering the market throughout southern Missouri and generally having a negative impact on regular stumpage prices.				

Eastern Redcedar-An Unappreciated Resource

If a tree species could ever typify the independent, "show-me" spirit that many Missourians like to promote for their image, it would probably be the Eastern Redcedar (*Juniperus virginiana*). It grows on sites inhospitable to other trees, is one of the first tree species to establish itself where cultivation or pasture has been discontinued, and produces wood products that are unique. Redcedar trees are seen everyday by nearly every Missourian, yet most realize it has value as a source of lumber and other wood products. For example, cedar gift items manufactured in Missouri from cedar trees grown here are sold throughout the world.

In rural areas, "cedar" is cussed, sprayed with herbicides, bulldozed, burned and generally regarded as a nuisance tree that should be eradicated. However, like its animal counterpart, the coyote, it seems to thrive on eradication efforts. Even conservationists ignore its niche in natural plant succession and complain about its "invasion" of glade areas. It is safe to say that cedar is not a tree that commands much respect. However, there is another side to this story.

From the latest Forest Inventory & Analysis statistics, 2002, redcedar is the dominant species on approximately 3% of all the forest land in Missouri with 94% of those acres being privately owned. For commercial purposes, Missouri currently has more 857 MILLION BOARD FEET of redcedar sawtimber that is greater than 9 inches in diameter. (Sawmills commonly process cedar logs as small as 5 inches in diameter at the small end.) This means that private forest land owners in Missouri have a large supply of cedar that is already large enough to harvest.

The latest harvest statistics, compiled for the year 2000, indicate that about 7.7 million board feet of redcedar was harvested that year. Even though cedar is generally regarded as a slow growing species, the cedar resource in Missouri is growing almost 18.5 million cubic feet of wood annually. In other words, more than twice as much is being grown than utilized. Thus, the supply of redcedar is increasing each year and plenty of wood is available to support new wood processing ventures.

A common perception among landowners is that cedar trees have almost no value in the marketplace. In reality, delivered prices for cedar sawlogs are actually higher than many species of hardwoods. To be fair, it is true cedar logs are usually smaller in diameter, shorter in length, and scale less volume than the typical oak or hickory log. However, current delivered prices for cedar logs range from \$275-\$350 per thousand board feet, Cedar Scale. (Cedar Scale is nearly identical to the International 1/4" Scale) For the rare log that is

Riverborder Stumpage Prices

July-September, 2003

	High Price	Low Price	Avg. Price	Last Quarter	Last Year	Volume	# of Reports
Veneer							
Black Walnut	\$2,500	\$835	\$1,440	\$1,145	\$1,100	9 Int. – MBF	3
Sawlogs							
Black Walnut	\$415	\$415	\$415	\$415	\$405	14 Int. – MBF	2
Hickory	\$75	\$75	\$75	-	-	10 Int. – MBF	2
Mixed Hardwoods	\$110	\$60	\$105	\$110	\$85	454 Int. – MBF	4
Pecan	\$110	\$110	\$110	-	-	5 Int. – MBF	1
Red oak (group)	\$265	\$60	\$190	\$200	\$240	86 Int. – MBF	5
White oak (group)	\$125	\$85	\$100	\$140	\$270	16 Int. – MBF	4

Analysis & Commentary-River Border Region

Much the same comments could be made for the River Border area as for the Prairie area. Generally speaking, this is the area of the state that produces the highest quality timber and is where the largest sawmills are located. It is also an area where the *Doyle Scale* is in predominant use.

In general, the stumpage prices reflected in this table are for below average quality timber sales for the area. Stumpage prices are minimal and it is quite possible that most landowners would receive bids greater than those shown here.

Ozark Stumpage Prices

July-September, 2003

	High Price	Low Price	Avg. Price	Last Quarter	Last Year	Volume	# of Reports
Sawlogs							
Ash	\$100	\$100	\$100	-	-	- Int. – MBF	1
Black Walnut	\$105	\$105	\$105	\$150	\$375	- Int. – MBF	1
Cherry	\$100	\$100	\$100	-	\$165	- Int. – MBF	1
Eastern Redcedar	\$115	\$115	\$115	-	-	1 Int. – MBF	2
Gum	\$230	\$55	\$180	-	\$75	2 Int. – MBF	4
Hard Maple	\$215	\$100	\$170	-	-	- Int. – MBF	2
Hickory	\$230	\$55	\$145	\$85	\$90	123 Int. – MBF	10
Mixed Hardwoods	\$265	\$10	\$195	\$120	\$130	725 Int. – MBF	7
Oak (mixed species)	\$160	\$160	\$160	\$170	\$110	37 Int. – MBF	1
Post Oak	\$230	\$100	\$150	\$105	\$100	87 Int. – MBF	10
Red oak (group)	\$270	\$115	\$210	\$170	\$165	3,838 Int. – MBF	16
S Yellow Pine	\$15	\$15	\$15	-	-	78 Tons	1
S Yellow Pine	\$230	\$100	\$120	\$115	\$130	139 Int. – MBF	11
White oak (group)	\$230	\$85	\$140	\$155	\$140	312 Int. – MBF	12
Fence							
S Yellow Pine	\$1	30¢	36¢	-	-	7,833 Each	3
Firewood							
Mixed Hardwoods	\$10	\$10	\$10	-	\$5	14 Cords	1
Pulpwood							
Mixed Hardwoods	\$1	\$1	\$1	-	-	1,144 Tons	1
Mixed Hardwoods	\$5	\$1	\$4	\$20	-	221 Cords	3

Stave Log

White oak (group)	\$300	\$240	\$265	\$230	\$270	23 Int. – MBF	(Continued from Page 5)
Analysis & Commentary–Ozark Region							2

Stumpage prices in the Ozark Unit are dominated this quarter by large timber sales on state forest land. In most cases, the "high" values reported were paid for the high quality timber included in timber sales from public lands that have been scientifically managed for many years. Generally speaking, the highest quality timber in southern Missouri occurs on both federal and state ownership and the stumpage prices reflect buyers confidence that trees they purchase from those lands will yield good percentages of high quality lumber and other products. Of course, privately owned forest land that has been managed well commands similar prices. Compare the high and low prices reported for each species and ask yourself where your timber might rate between the two values. No management....? You are probably going to receive a price closer to the low values listed!

Pine post sales were reported this quarter and it appears that posts are selling for \$.30-\$.35 each. Trees in many pine plantations are reaching a size and density that require thinning if maximum growth rates are to be maintained. Post thinnings might generate an intermediate cash return while you wait for those sawlogs to mature.

Prairie Stumpage Prices**July-September, 2003**

	High Price	Low Price	Avg. Price	Last Quarter	Last Year	Volume	# of Reports
Veneer							
Black Walnut	\$2,500	\$2,500	\$2,500	-	\$1,380	2 Int. – MBF	1
Red oak (group)	\$1,000	\$1,000	\$1,000	-	-	4 Int. – MBF	1
White Oak (group)	\$1,250	\$1,250	\$1,250	-	-	38 Int. – MBF	1
Sawlogs							
Black Walnut	\$460	\$290	\$380	-	\$440	20 Int. – MBF	2
Cottonwood	\$50	\$50	\$50	\$45	\$55	89 Int. – MBF	1
Hard Maple	\$140	\$140	\$140	-	-	7 Int. – MBF	1
Mixed Hardwoods	\$100	\$65	\$75	-	\$60	68 Int. – MBF	2
Oak (mixed species)	\$310	\$65	\$220	-	-	62 Int. – MBF	2
Red Oak (group)	\$165	\$110	\$160	\$185	\$205	102 Int. – MBF	2
Soft Maple	\$200	\$200	\$200	-	\$125	121 Int. – MBF	1
White oak (group)	\$165	\$165	\$165	-	\$125	105 Int. – MBF	1
Stave							
White oak (group)	\$250	\$250	\$250	-	-	119 Int. – MBF	1

Analysis & Commentary–Prairie Region

Judging from the number of timber sale reports submitted, foresters were not selling much timber in northern and western Missouri last summer! While the stumpage prices appear to fairly reflect the markets in the Prairie Unit to the knowledge of this editor, the number of reports submitted are simply not great enough to generate much confidence.

It is also important to note that the majority of timber is purchased on the *Doyle Scale* in northern and western Missouri which will have the effect of *higher stumpage price quotes* than those shown in this table. If you are going to be selling timber in this area of the state, please use this table only as a general guide. Your local forester can probably provide better information specific to your locale.